

# New Mexico Oversight Committee

Robert Busch, Chairman

NM Renewable Energy Transmission Authority

November 8, 2018

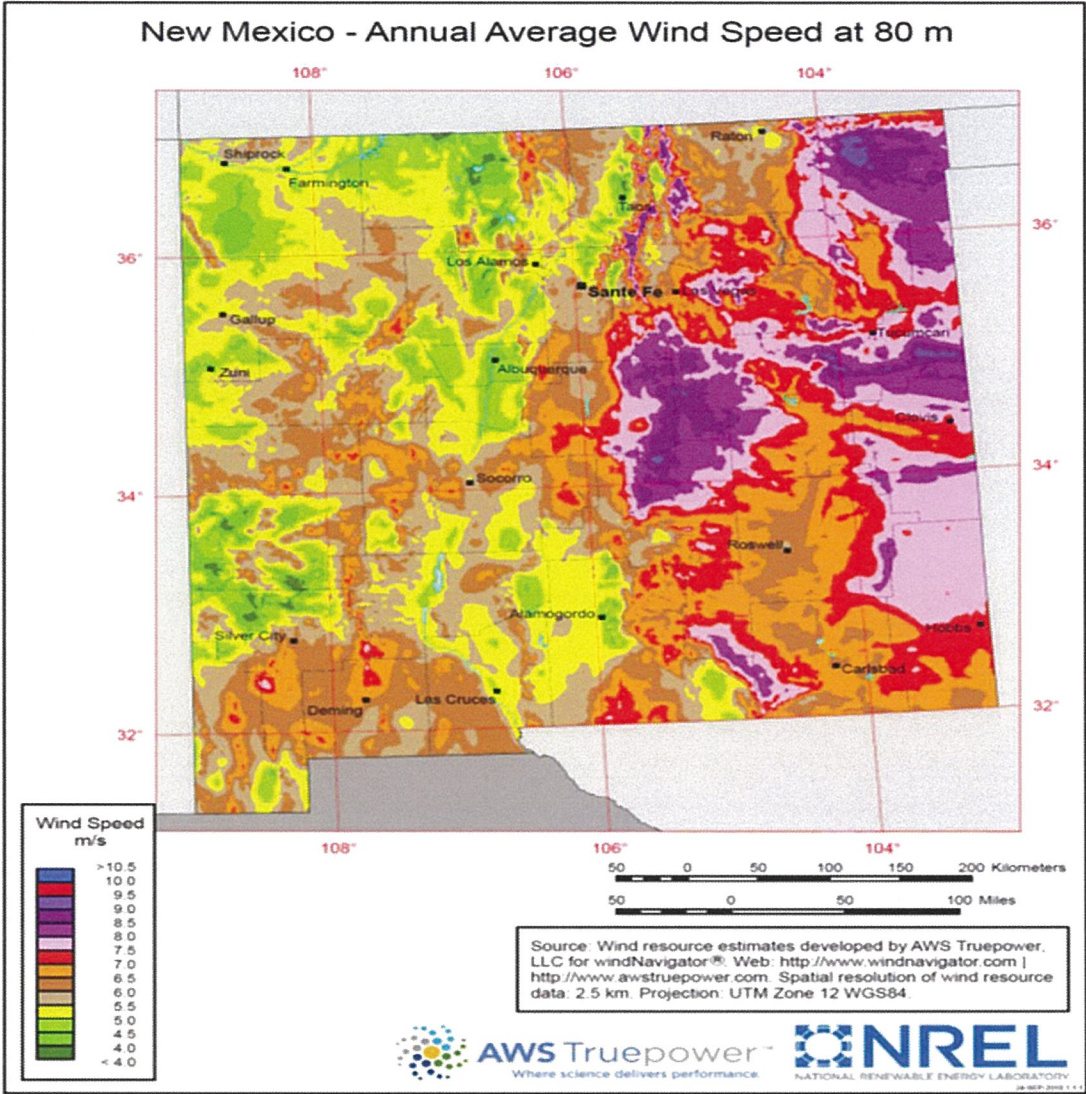


# NM RETA Background

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- RETA was established by the NM Legislature in 2007 to plan, finance, develop and acquire high voltage transmission lines and storage projects in order to promote economic development in New Mexico.
- RETA is one of only seven state-level transmission authorities in the United States and only the second to have issued Bonds. All of RETA sponsored projects must include 30% of its power from renewable resources.
- New Mexico has some of the most valuable wind and solar resources in the United States, yet has virtually no transmission to utilize them. RETA was formed to take advantage of this unique opportunity.

# New Mexico Has a Unique Resource





# Why do we need “Green Energy”?

- Renewable Energy is in Demand!
  - ❖ Hi-Tech firms are demanding that renewable energy be part of the offering for relocation or expansion of their business (Facebook, Google, Amazon, etc.).
  - ❖ Utility companies are replacing older fossil generation with renewable energy to address environmental concerns.
  - ❖ Both Gubernatorial candidates featured support for renewables during their campaigns: Lujan Grisham cited the economic benefits to NM from exporting renewables to other states, and Pearce stated “let’s have strong oil and gas, and let’s have strong renewables”.
- Contrary to some views, renewable generation is complementary to natural gas generation; together, fuel price stability and reliability both improve.
- Utilizing both renewable and fossil generation diversifies New Mexico’s economy.
- Fast-tracking transmission development to accommodate large scale renewable generation development is critical (PTC deadlines).



# Project Policies

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- Over the years RETA has developed Project Policies that outline the process in which RETA will participate in a project.
    - ❖ RETA gradually increases support and involvement as project certainty is increased.
    - ❖ Because RETA's funding has been vetoed the last several years, RETA has accepted developer contributions which is specifically permitted under RETA's Statute, NMSA 62-16A-4.
  - In July 2017, RETA updated its Project Policies to include Developer Contribution Guidelines.
  - These guidelines outline the manner in which RETA requests and utilizes funds received from developers.
  - Developer contributions are subject to RETA's control only, are not project specific and are not subject to refund.
  - RETA continues to meet all audit and financial oversight requirements of the Act.
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# Recent NMRETA Activity

- Received approval from the LFC on October 24, 2018 to go forward with a \$350,000 Special Appropriation for FY2020.
- We are trying to increase support of partner projects, Western Spirit and SunZia, and resuming meetings with new project developers.
- Two part-time contractors added: Director of Public Outreach and an Administrative Assistant. They will help to re-establish RETA's day-to-day operations support.
- Print collateral and website updates are underway.

# RETA Projects in Operation or in Development

- High Lonesome Mesa Wind Farm Project
  - ❖ Issued \$50 in Bonds for the HLM transmission lines
- Western Spirit Transmission Project
  - ❖ Co-developing the Western Spirit Project
  - ❖ Will serve Corona Wind Generation Project
- SunZia Transmission Project
  - ❖ Memorandum of Understanding with SunZia
  - ❖ Will serve several wind projects in Lincoln, Torrance and Guadalupe Counties





# High Lonesome Mesa



## Background

- 100 MW Wind Farm located in Torrance County in operation.
- In 2010 RETA issued \$50 million in Revenue Bonds for the transmission portion of the Project.

## Benefits to NM Now Taking Place

- \$14 million to Torrance County and Estancia Schools over 30 years.
- \$19 million in leases to local landowners.

# Western Spirit Project Update

- Pattern Development acquired the WS project in May 2018 and is a co-developer with RETA on the project.
- Pattern has successfully developed over 4,500 MW of wind projects.
- Stakeholder meetings since the acquisition have resulted in specific line re-routes to facilitate right-of-way (ROW) approvals and address landowner concerns.
- ROW acquisition underway and the project team continues to have regular meetings with stakeholders.
- ROW acquisition is expected to be completed by Q3 of 2019.
- Construction anticipated to begin Q3/Q4 2019.
- COD is anticipated at the end of 2020.



# Critical Approvals for Western Spirit

- FERC granted Western Spirit (WS) the authority to sell transmission rights allowing WS to negotiate market-based rates with potential customers, both in-state and out-of-state.
- Negotiated a critical ROW with a local Indian Pueblo and received a Grant of Easement and No Significant Impact from the Bureau of Indian Affairs.
- Reliability determination issued by the NMPRC In April 2018.
- Zoning certification letters issued by Torrance, Bernalillo, Sandoval, and Valencia Counties.
- In October 2018, the NMPRC unanimously approved the location control permit for Pattern's Corona Wind Projects which will produce 2,200 MW of power, a portion of which will be transported on the WS line.

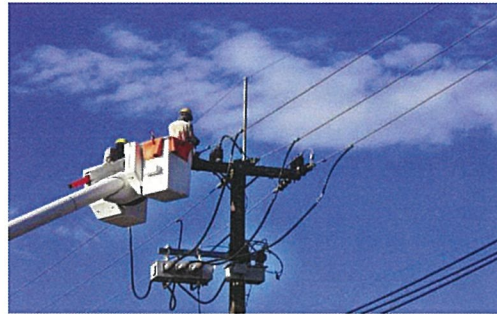


# Western Spirit Economic Benefits



Represents an investment of approximately \$150 million.

Make possible over \$1 billion of investment in renewable power projects that could not otherwise be built due to limitations of the existing electric transmission grid.



Estimated to provide hundreds of jobs to construct, maintain, and operate the wind farms and transmission line.

Contribute approximately \$28 million in property tax payments to NM counties over the first 40 years of operation.



More than 590,000 homes will be powered by the clean, renewable energy generated as a result of this project.

Helps ranch families with steady source of income during drought and fluctuating cattle markets.

# SunZia Project Update

## FERC Approval

- In September 2017, the Federal Energy Regulatory Commission (FERC) granted SunZia the authority to select Pattern Energy as the preferred anchor customer to enter into a precedent agreement for up to 100% of the capacity for Phase 1 of the Project.

## NMPRC Approval

- In August 2018, the NMPRC approved SunZia's right-of-way width filing Marketing Update.
- Re-file with the NMPRC, the location control permit in January 2019. NMPRC decision expected by mid-2019.

## Marketing Update and Next Steps

- 400 MW of power purchase agreements are in place with more in the pipeline.
- ROW acquisition 85% to 90% complete with property owners.
- Continue to strengthen relationships with WSMR by meeting on a monthly basis to coordinate and fine-tune upcoming development activities.
- Apply for Section 404 permit with US Army Corps of Engineers. This will be done in parallel with the NMPRC filing in January 2019 with expected decision mid-2019.
- The project is estimated to be completed and placed in service in 2020/2021.



# SunZia Economic Benefits

## in New Mexico



### **State and Local Taxes for First 500kV AC Line**

Approximately \$33.4 million during a 2 1/2 year construction period.

Approximately \$4.7 million during the first year of operation of the transmission line.



### **First 500kV AC Transmission Line**

Estimated to provide approximately 2,900 jobs during construction and 33 operation jobs.

Helps ranch families with steady source of long-term income during drought and fluctuating cattle markets.



### **Generation**

Approximately 1,500 MW of Corona Wind generation is associated with SunZia.

Estimated to provide approximately 1,186 jobs during construction and 94 operation jobs.



# Funding History & Benefits to NM

FY	Public Funds	Private Funds	* HLM Project Payouts to Landowners and Torrance County
2008	\$ 1,000,000	\$ -	-
2009	\$ 500,000	\$ -	-
2010	\$ 500,000	\$ -	\$ 1,100,000
2011	\$ -	\$ 550,000	\$ 1,100,000
2012	\$ -	\$ 77,174	\$ 1,100,000
2013	\$ -	\$ 142,933	\$ 1,100,000
2014	\$ 250,000	\$ 70,018	\$ 1,100,000
2015	\$ 350,000	\$ 28,731	\$ 1,100,000
2016	\$ -	\$ 19,676	\$ 1,100,000
2017	\$ -	\$ 80,000	\$ 1,100,000
2018	\$ -	\$ 120,000	\$ 1,100,000
2019	\$ -	\$ 250,700	\$ 1,100,000
<b>Total</b>	<b>\$ 2,600,000</b>	<b>\$ 1,339,232</b>	<b>\$ 11,000,000</b>

\*Average Annual Payments from High Lonesome Mesa (HLM) Project to Torrance County and private landowners over a 30-yr period.



# FY 2019 Budget

## REVENUES

Program Revenues	
General Fund Appropriations	0
Commercial Revenue	250,000
Interest Income	<u>700</u>
<b>Total Revenues</b>	<b>\$ 250,700</b>

## EXPENDITURES

Current	
Contract Services	
Accounting Fees	15,000
Audit Fees	8,100
Legal Fees	100,000
Administrative	75,000
Other Professional Services	<u>47,500</u>
<b>Total Contract Services</b>	<b>\$ 245,600</b>
Other Expenses	
Office Expenses	3,500
Insurance	<u>1,000</u>
	<b>\$ 4,500</b>
<b>Total Expenditures</b>	<b>\$ 250,100</b>
Net Change in Fund Balance	<u><u>600</u></u>

- RETA has a clean FY2018 Draft Audit with no material weaknesses, deficiencies, or non-compliance findings.
  - The Draft Audit has been submitted to the State Auditor and is confidential by State Audit Rules until it's released by the State Auditor. Once released the Audit will be posted on the NM State Auditor's website and RETA's website.



# FY 2020 Budget

## REVENUES

Program Revenues	
General Fund Appropriations	350,000
Commercial Revenue	250,000
Interest Income	<u>1,000</u>
<b>Total Revenues</b>	\$ <u>601,000</u>

## EXPENDITURES

Staff Salary/Benefits Expense	<u>\$ 377,500</u>
<b>Total Salary Expenses</b>	\$ 377,500

### Contract Services

Accounting Fees	28,000
Audit Fees	15,500
Legal Fees	113,000
Other Professional Services	<u>22,500</u>
<b>Total Contract Services</b>	\$ <u>179,000</u>

### Other Expenses

Office Expenses, including rent	40,000
Insurance	<u>1,000</u>
<b>Total Other Expenses</b>	\$ <u>41,000</u>

<b>Total Expenditures</b>	<u>\$ 597,500</u>
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Net Change in Fund Balance	<u>\$ 3,500</u>
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- RETA received approval for its Special Appropriation Request of \$350,000 for FY 2020 from the LFC (Oct 24, 2018).



# RETA Needs Continued Public Support

- RETA has already made a difference for New Mexico, the Act is working and two major projects are underway with construction start anticipated in 24 months.
  - ❖ The High Lonesome Mesa project has provided approximately \$11 million in benefits to Torrance County and private landowners over the past 10 years.
- The farsighted vision of the 2007 legislation and RETA's mission are being hampered by the lack of State support.
  - ❖ Coordination with other State agencies is being limited by a lack of resources; staff cuts from 4 FTE's to part-time contractors.
  - ❖ Limited funding is available for public education on renewable energy.
  - ❖ Legislative outreach has been curtailed, creating knowledge gaps.
  - ❖ Western Spirit and SunZia are now at critical stages in their development. RETA staff limitations can impede their progress, jeopardizing time critical economics.
  - ❖ State support in combination with private funding removes public concerns over financial conflicts.
- A budget that consists of a mix of state and private funding demonstrates the State's support for renewable energy and rural economic development.

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- **RETA is requesting the help of this committee to successfully receive and retain funding during the 2019 Legislative session.**

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# New Mexico Renewable Energy Transmission Authority

505-699-0599

[www.nmreta.com](http://www.nmreta.com)

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